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File
ACT/047/001
JIM
JUL 16 1982
~~Copy to Tom P.~~

July 15, 1982

CORPORATE OFFICES
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SENT VIA EXPRESS MAIL

Mr. James W. Smith, Jr.
Coordinator of Mined Land Development
State of Utah Natural Resources & Energy
Division of Oil, Gas, and Mining
4241 State Office Building
Salt Lake City, Utah 84114

JUL 16 1982
DIVISION OF
OIL, GAS & MINING

Reference: ACT/047/001

Dear Jim:

In response to the Board of Oil, Gas, and Mining's notice of tentative approval for the Sand Wash Development Shaft and Mine Phase of the Sand Wash Shale Oil Project, Tosco wishes to submit its current estimate of reclamation performance surety. Tosco calculates that performance surety in the amount of \$115,300 will cover those activities that would be conducted in the first phase of the project. As is detailed below, Tosco intends to prepare the mine site in a phase which precedes excavation of the shaft. Thus the activities associated with shaft excavation and mining are not included in this initial bond. It would be Tosco's intention to periodically reestimate the bond amount to ensure all activities were properly covered and to provide these revisions to the Division for approval.

The bond costs have been estimated as follows:

1. Soil would be removed from, and replaced over 10 acres. This is the area of suitable soils laying within the area to be disturbed during the first phase. The area to be

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disturbed is outlined on a copy of a portion of Figure 3.1-1 of the application which is also included as an Attachment to this letter. The soils data were taken from Figure 2.3-4 of the application. The cost of replacing soils is about \$1,200 per acre (see page 73 of application where cost estimates for 16 acres are provided).

Costs for soil redistribution:
 $10 \text{ acres} \times 1,200/\text{acre} = \$12,000$

2. The total area within the boundaries shown on the Attachment (part of Figure 3.1-1) is 18.7 acres. It includes the construction pad area for buildings, parking, materials and equipment. It also includes the sedimentation pond (sized to retain all runoff resulting from the 10-year, 24-hour event) and the topsoil stockpile. It is conservatively assumed the entire area will be at least slightly disturbed and that reclamation will require at least some preparation of the surface. (Ten acres of this area will receive stockpiled soils as is described in the preceding item.) The per acre cost of regrading is about \$2,685/acre (see page 73 of application).

Costs for regrading:
 $18.7 \text{ acres} \times \$2,685/\text{acre} = \$50,300$

3. Removal of sedimentation pond spillway, emergency discharge piping, riprap. This amount is reduced from page 73 of the application based on the fact that the catwalk structure proposed for longer term operation would not be installed in this early phase.

Costs for removal of pond equipment: \$10,000

4. Revegetation of the 10 acre area that would be re-"topsoiled". This includes seeding, planting, and mulch as described on page 73 of the application at \$2,900/acre.

Costs for revegetation:
 $10 \text{ acres} \times \$2,900/\text{acre} = \$29,000$

5. Supplemental irrigation of revegetated areas. This includes purchase/rental of pipes, pumps, and operation for one growing season.

Costs for irrigation = \$2,000

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6. Removal of fence and trailer office. About 2,520 feet of cyclone-type fence and one trailer will be placed on the mine site. Removal is estimated to be about \$1,200 for the fence and \$300 for hauling the trailer off the site.

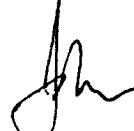
Costs for removal of equipment = \$1,500

	Subtotal \$104,800
7. Contingency @ 10%	<u>10,500</u>
	Total <u>115,300</u>

It is our opinion that this amount adequately covers the initial phase of Development Shaft construction. We will be meeting soon with the Division of State Lands and Forestry to ensure the bond is acceptable to that office. We will also discuss the release of the existing bond at that time. We will keep you informed of our progress.

Our special thanks to you and Sally for helping us through this process.

Sincerely,



John E. Hardaway
Regulatory Affairs Manager

Attachment: A/S

JEH:ps

cc: Sally Keefer (w/Attachment)

Taken from Figure 3.1-1 of NOIM
Application, Dec. 29, 1981

